"Halo effect" at the Iowa Department of Human Services . . .

A. Implementation of the Iowa Medicaid Enterprise

The Iowa Medicaid program was redesigned and reinvented during 2005 into the Iowa Medicaid Enterprise (IME). Further, in response to the threatened loss of $65 million in Intergovernmental Transfers (IGTs) by the U.S. Department of Health and Human Services, DHS also developed, sought approval for, and has implemented IowaCares, a limited benefit expansion of the Iowa Medicaid Program.

Information systems, management talent and systems, contractors, services, and site design and construction were all developed and implemented during 2005, culminating in the formation of the Iowa Medicaid Enterprise. As of June 30, 2005, employees and contractors alike are co-located in the new IME location at 100 Army Post Road, Des Moines. A ribbon cutting celebration was held in July with Governor Vilsack attending.

Below is background information regarding the various components of the Iowa Medicaid program and the newly established Iowa Medicaid Enterprise, followed by a discussion of IowaCares.

The Iowa Medicaid Enterprise was created this past year out of a vision of uniting state policy staff and eight "best of breed" contractors into a performance-based model to administer the Iowa Medicaid program. For many years, the Medicaid program in Iowa was operated with a small group of dedicated state employees and a single contractor with limited presence within Iowa. Today as a reinvented enterprise, each functional service unit of the program has a focused area of expertise and the single contractor for all services has been divided into eight contracts and contractors, each with extensive and specific expertise. The contractors work together to accomplish the goals of the Medicaid program out of one location in Iowa. The components of the new Iowa Medicaid Enterprise include:

Service Units

State DHS Policy Staff – State employees provide overall guidance to the operations of the IME, developing policies for the coverage and payment for all Medicaid services, from dental to nursing facility to hospital care.

The eight contracts:

1. Provider Services – Enrolls health care professionals as participating providers. Offers assistance for billing services through routine training seminars and telephone assistance.

2. Member Services – Operates a statewide telephone call center to assist Medicaid members in accessing services or explaining how services can be provided. The hotline staff assist members in enrolling in managed care, when applicable.

3. Provider Audit & Rate Setting – This group helps policy staff develop payment rates that are consistent and appropriate for services provided to members. This task includes rates for physicians and hospitals among others, using various methodologies.

4. Core Services – The Core services group provides a broad range of services including processing and payment of claims, mail handling, and reporting. Revenue & Collection captures payments made to the Medicaid program through other third-party insurance, estate recovery, and liens. Core Services also operates the State automated eligibility reporting system known as ELVS.

5. Medical Services – This unit consists of medical professionals and affiliated staff who provide medical opinions on specific areas such as coverage and benefits as well as assisting with opinions on exceptions to policy and appeals.

6. Pharmacy Medical Services – This unit oversees the operation of the Preferred Drug List (PDL) and Prior Authorization for prescription drugs. The development and updating of the PDL allows the Medicaid program to optimize the funds spent for prescription drugs. The Pharmacy Medical group performs drug Prior Authorization with medical professionals who evaluate each request for the use of a number of drugs.

7. SURS – This is the Surveillance and Utilization Review group. This unit routinely audits submitted claims to assure that Medicaid is paying appropriately for covered services.

8. POS – This is the pharmacy point of sale system. It is a real-time system for pharmacies to submit prescription drug claims for Iowa Medicaid members and receive a timely determination regarding payment.

Much effort was put into recreating the existing Medicaid program while still continuing to operate and provide services. Program operations and business processes were redesigned, resulting in the release of a multi-component RFP with Systems and Professional Services components during the month of December, 2004. Vendors were invited to offer Bid Proposals on any or all components.
Each individual component proposal was required to be self-sufficient. With this single change, DHS set a new course for Iowa Medicaid.

DHS's objective for this procurement was to establish clear responsibility and accountability for the operation and direction of healthcare delivery for Medicaid recipients in Iowa.

All contractors operating within the Iowa Medicaid Enterprise were required to utilize two common managerial tools as part of their operation. The first tool is the enterprise-wide State SQL Data Warehouse and the Decision Support Tools built therein. This tool has been developed by the DHS Division of Data Management. The second tool is an enterprise-wide Workflow Process Management system. This tool has been developed and implemented by the Core MMIS contractor.

DHS has used an Independent Verification and Validation (IV&V) contractor to lead the coordination effort between all contractors.

B. Preferred Drug List

As part of the IME implementation, DHS implemented a Preferred Drug List (PDL) in Iowa Medicaid. The PDL has saved a total of $8.4 million in Iowa Medicaid so far in FY06.

The PDL was finalized and implemented during FY05. Numerous activities were undertaken during this past year to implement the PDL and achieve savings. The Iowa Pharmacy and Therapeutics (P&T) Committee received an extensive orientation by the Medical Directors at the Iowa Foundation for Medical Care and Goold Health Systems, the sub-contractor for the Preferred Drug List (PDL) initiative. The P&T Committee held two days of public review of the proposed Iowa Preferred Drug List. Recommendations made by the P&T Committee estimate $22 million in annual savings of state and federal funds, including the supplemental rebates. Training was also provided for physicians and pharmacists statewide regarding the PDL prior to implementation. The PDL went into effect January 15, 2005. The first four months of implementation of PDL shows a total cost savings of $6.3 million. In addition to this, implementation of extensive SMAC pricing strategies has resulted in projected strong savings for FY05 of approximately $10.8 million.

C. Food Assistance Enrollment

Food Assistance Enrollment continues to climb using marketing efforts described in previous reporting. We expect to achieve an all-time Iowa high for enrollment in Food Assistance in FY06 and most likely within the next 60 days. As a result, Iowa has enjoyed national Recognition by the USDA, Food and Nutrition Service (FNS) for leading the nation in increased participation in Food Assistance. Food stamp benefits bring an average of $17 million each month to Iowa, or about $200 million a year. The USDA estimates that for every $5 in benefits, which are 100 percent federally funded, there is a $9.20 impact on the local economy.

D. Child Welfare Support

The Child Welfare (Section IV-E) Penetration Rate continues to improve as described in previous reporting and stood at 45.8% as of the end of the second quarter of FY06. DHS has already exceeded the FY06 performance plan goal.

E. The Child Welfare Data Dashboard

https://dhssecure.dhs.state.ia.us/digitaldashboard/

This dashboard has been developed out of many discussions about how to report consistent data in a more user-friendly way using innovation. DHS started internally and is about to release data to the public using this tool - transparent government - and will next release data to DHS child welfare providers using this approach, on which DHS has been working with a large statewide provider group. When published, it will include performance measures and results along with comments directly from the providers themselves about what the data shows.

F. IowaCares

IowaCares was developed out of a crisis situation that evolved in 2005 related to the potential loss of $65 million in funding from the federal government to Iowa. This loss would have had a far-reaching impact on most of Iowa, including DHS, the University of Iowa Hospitals, and Broadlawns, to name a few. Within a very short period of time, DHS, the Governor, Governor's staff, and State Legislators all pulled together to develop and support an innovative resolution to the problem: IowaCares. Negotiations were held within Iowa, a proposal was developed and presented within Iowa, and then to the U.S. Department of Health and Human Services. Legislation was introduced and passed; policies were developed; negotiations continued in Iowa with external parties; and IowaCares was implemented and now serves many people across the state. Though not a direct Charter project, it is and was an innovative project that brought many, many people together and protected Iowa from the loss of $65 million a year.

G. Child welfare Redesign

Child welfare redesign is working. Begun in 2003, DHS set out to make many improvements for staff and for the families they serve and it appears to be working even as DHS continues to finalize implementation of its many pieces. Some of the more well-known results are related to the data DHS currently tracks. And there are more data that DHS is just now starting to collect.

1. DHS's target was to increase the percentage of all children in Iowa who are safe from re-abuse for at least six months following a confirmed report of neglect or abuse to 89.25% by the end of FY05 and 89.7% by the end of

FY06. The performance target was met. The percentage of children free from re-abuse was 89.8% for the 12-month period of April 2004 through March 2005. It was 90.7% as of December 31, 2005.

2. Another DHS target was to increase the percentage of children who do not re-enter foster care within 12 months of their last foster care episode to 80% by end of FY05 and 82% by end of FY06. Many discussions were held this past year about this measure, leading DHS to re-define the measure and re-design how DHS actually monitors and calculates this data. The bottom line is that the percentage of children who do not re-enter foster care within 12 months of their last foster care episode is improving. It was 76.3% in FY04 and reached 77.2% in FY05. DHS's target for FY06 is 82%.

3. Implementation of a child welfare Quality Assurance approach.

H. Illinois Interstate Child Support Office

After several months of negotiations and lengthy reviews, an Iowa/Illinois Interstate Child Support Office agreement was signed on July 15, 2005. We know that a higher proportion of child support owed across state lines is not collected due to the complications that often arise as well as because of purposeful movement across state lines to evade child support financial responsibilities. Modeled after the Iowa/Nebraska Office agreement, the Iowa/Illinois Office will be engaged to assist families owed child support in both Illinois and Iowa. The first two interstate child support offices in the country have now been developed by Iowa's DHS. Innovation at its best.